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SUBJECT: Doha Round Suspension: South African Reaction

¶1. (U) Summary. While expressing deep disappointment, South African official and public reaction to the suspension of the Doha Round negotiations has been balanced and non-accusatory. End Summary.

¶2. (U) In a statement issued July 26, the South African government expressed deep regret at the indefinite suspension of the Doha negotiations. The SAG described the suspension as "a serious setback" that will be "a source of growing instability in the global trading system." The core issues, the statement said, "revolve around agriculture and the inability or unwillingness of key members to redress . . . highly distorting trade measures." This failure, if unchecked, constitutes a breach of many laudable commitments. The international trading system will confront dangers: loss of legitimacy, irrelevance as bilateral trade arrangements proliferate; an intensification of litigation and disputes; and the growing threat of protectionism.

¶3. (U) The statement continued that "it is our view that a great deal of technical and political work has been accomplished . . . We should not lose sight of the fact that the WTO membership has never been closer to such an ambitious outcome as it is now." The statement concluded urging members to recommit themselves to the Doha Round and to explore options that could lead to an early resumption on the negotiations. (The full statement is available at <http://www.info.gov.za/new/index.html>.)

¶4. (U) In comments to the press, South Africa's chief trade negotiator, Xavier Carim, described the suspension as a "serious setback" that would have a huge opportunity cost. He added, "It is not useful to enter into a blame game but the core issues from the beginning have been US domestic support and EU market access offers." In public comments, organized business and agriculture organizations, trade union federation COSATU and independent commentators all expressed sharp disappointment at the suspensions, but none singled out the U.S. as the key culprit.

¶5. (U) Editorial comment has been balanced. Business Day wrote that "The US will no doubt bear much of the blame for the failure of the talks but the Bush regime has pushed for free trade. In truth neither the developed nor the developing world came to the party . . . A vital opportunity to right the wrongs of the global economy has been lost. There are no winners here, only losers." The Star of Johannesburg said that while the U.S. should take its fair share of the blame, "the Bush administration is not the only culprit. The EU is equally guilty. Both succumbed to strong lobbies at home. The breakdown in the talks benefits protectionists and will make the poor poorer." The Pretoria News noted that the EU blames the U.S. "but the underlying problem is that powerful vested interests in all countries oppose free trade."

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